
EXHIBIT F7

INTERMUNICIPAL SEWER LINE CONNECTION AND
USE AGREEMENT, DATED AUGUST 20, 1996, BY
AND BETWEEN THE BOROUGH OF MALVERN
AND THE TOWNSHIP OF WILLISTOWN

INTERMUNICIPAL SEWER LINE CONNECTION AND USE AGREEMENT

THIS AGREEMENT is made by and between the Borough of Malvern ("Borough") and the Township of Willistown ("Township").

BACKGROUND

Both the Borough and the Township are Pennsylvania municipal corporations and political subdivisions located in Chester County, Pennsylvania. The Borough and the Township each own and operate sewage collection systems within their respected geographical borders. Each system is operated directly by the municipality and not through or under the auspices of an operating or leased-back municipal authority created pursuant to the Pennsylvania Municipality Authorities Act of 1945, as amended, 53 P.S. §301 et. seq., or otherwise.

Certain areas of the Township, which do not now have public sewer service, could be provided with such service more efficiently by connecting to existing Borough sewer lines. Similarly, certain areas of the Borough could be provided with sewer service more efficiently by connecting to existing Township sewer lines (collectively the "Township System").

The Borough and Township have determined that it is desirable and in the public interest to cooperate and coordinate with each other to provide sewer service by intermunicipal sewer line connections. Toward this end, the Borough and Township entered into a certain Agreement captioned "Intermunicipal Sewer Line Extension Agreement" (the "1988 Agreement"), which became effective May 17, 1988.

The 1988 Agreement provided the framework for administering and allocating the costs and operating expenses for intermunicipal sewer line connections and use. The 1988 Agreement provides that, when intermunicipal sewer lines are connected and used, the customers connected to such line will be the direct customer of the municipality within which they are located. The 1988 Agreement also provides that any intermunicipal line connections will require a separate agreement for each particular project.

The Borough and Township, pursuant to the 1988 Agreement, agreed to extend a Township sewer line to provide service to a residential development known as Tidewater ("Tidewater") of eighty (80) townhouse-type dwelling units, all located in the Borough. Tidewater and the agreed-to Township line and extension and interconnection have been constructed and all eighty townhouse units are now customers of the Borough and are connected to the Township's line. All sanitary sewage from Tidewater is metered by a flow meter (the "Meter"). All sanitary sewer customers in Tidewater are the Borough's direct customers.

Based on experience with Tidewater, the Borough and Township have determined that the 1988 Agreement and all other agreements and understandings concerning Tidewater's use of the Township System should be amended and changed. This Agreement is intended to amend the 1988 Agreement and any other such Agreements and understandings between the Borough and the Township; including, but not limited to, those dealing with flow from Tidewater to the Township system. This Agreement is also intended to provide the framework for any future intermunicipal sewer line connection arrangements.

The Borough and the Township intend that each shall provide service directly only to customers within their respective boundaries. The Borough and Township each intend to own and operate all public sewer facilities within their respective borders and that any and all customers connected to a municipality's sewer system shall be the direct customer of the municipality within whose borders the customer is located. Any new sewer line connection involving the transport of sewage from the Borough to the Township or vice versa will require a specific written agreement between the Borough and Township, based on the particular facts of each such connection.

TERMS

NOW, THEREFORE, the Borough and Township, in consideration of the mutual promises herein stated, intending to be legally bound, agree as follows:

1. With respect to Tidewater the following shall apply:

A. All sewage customers within Tidewater shall be the direct customers of the Borough;

B. All sanitary sewage flow from Tidewater, that uses the Township system, shall be metered by the Meter;

C. The Borough shall, at its cost and expense, maintain and read the Meter;

D. All sanitary sewage flow from Tidewater, transported into the Township system, shall be treated as flow generated by the Borough and shall be subtracted from the flows of the Township for purposes of reporting, usage, assessments and charges with respect to the Valley Creek Trunk Line and the Valley Forge Sewer Authority plant; and

E. For the use of the Township System for flows generated by Tidewater, the Borough shall pay to the Township, a quarterly charge per equivalent dwelling unit ("EDU") calculated as follows:

The quarterly charge in dollars (\$) per EDU shall equal 275 (the number of gallons of daily flow that constitutes an EDU) times 365 days times the cost in dollars (\$) per 1,000 gallons, as defined herein, divided by 4.

The cost in dollars (\$) per 1,000 gallons shall equal the Annual Cost, as defined herein, divided by (the Average Daily Flow, as defined herein, times 365 days).

The Annual Cost shall mean the estimated annual operation and maintenance costs of the Township System, as defined herein, the Average Daily Flow shall mean the estimated average daily flow for the Township System.

The number of EDUs for which the fee is due, shall be calculated for each year by dividing the total gallonage of flow as measured by the Meter for the preceding year by 365 and the result by 275.

~~\$221.58~~ $\frac{\$22.16}{275}$ $\times 275$

Initially, the quarterly charge per EDU is ~~\$221.58~~ based upon an estimated Annual Cost of \$250,000 and an estimated Average Daily Flow of 800,000 gallons per day, which calculates to \$0.86 per 1,000 gallons. The Borough shall pay to the Township the quarterly charge within 30 days after the close of each proceeding calendar quarter. The Township may recalculate the fee, based upon then current estimates of Annual Cost and Average Daily Flow, no more frequently than once every two years. The recalculated quarterly fee shall become effective at the beginning of the next full calendar quarter following written notice to the Borough.

2. With respect to any new municipal line connection of a new development or service area to any intermunicipal line, the following shall apply:

A. When the Borough and the Township agree that an area in one municipality shall be provided public sewer service by connecting a sewer line from the other municipality, the terms of this Agreement shall apply. However, nothing herein contained shall be deemed to require either municipality to agree to any such arrangement, and each particular such connection must be separately approved by each municipality. Once such connection is approved, however, such approval shall be irrevocable and, thereafter, the terms of this Agreement shall apply.

B. A customer provided sewer service by the connection of the line between the Borough and the Township shall be the sewer customer of the municipality within whose geographical borders the customer's property and sewage generating land use are located. For this purpose, any property held in single ownership but which is divided by municipal boundary shall be deemed to be separate properties (divided by the municipal boundary) for the purposes of this Agreement. The relations between the municipality and its own customer shall not be affected hereby and each customer shall be required to pay to the municipality of which it is a customer any and all charges, included but not limited to sewage rents, connection and tapping fees, as may be imposed by that particular municipality and such imposition of charges shall be solely within the control of said municipality.

C. Each municipality shall own, operate, and maintain all public sewer lines and facilities and their easements and appurtenances within its own geographic borders. Each municipality shall, therefore, control customer connections to its own line (subject to any intermunicipal agreement authorized hereby). In addition, neither municipality shall permit any connection into its lines when such connection would cause sewage to be transported into the other municipality, except with the express written consent of that other municipality.

D. Whenever a public sewer line crosses the Borough-Township boundary, the municipality ("transporting municipality") from which the sewage is emanating shall compensate the other municipality ("receiving municipality") into which the sewage is being transported for receiving the sewage so transported. Such compensation shall be by payment of a quarterly fee based upon the formula set forth in paragraph 1.E. of this Agreement. This quarterly fee shall be due upon the connection the public sewer line or at such other time as the agreement authorizing the project shall designate. In addition, the transporting municipality shall, at its cost and expense, install, maintain and read a meter to record all sanitary sewage flow subject to the authorizing agreement.

E. No sewer line shall be extended nor any connection made between the lines of either municipality to the lines of the other municipality nor any connection made to any such line as extended, except as specifically approved, in writing, by both the Borough and Township. Nothing herein contained shall be deemed to require either the Borough or the Township to approve any such line extension or connection but as aforesaid, once such connection or extension is approved, such approval shall be irrevocable and the terms hereof shall hereafter apply. In approving any such extension or connection either the Borough or the Township, as the case may be, may attach conditions to the approval, which conditions shall be enforced to the extent of their authority by both municipalities. Such conditions may include, by way of example and not by way of limitation, construction specifications and limitations and requirements with respect to the quantity and quality of the effluent being discharged into the system.

F. If an intermunicipal sewer line is approved by both the Borough and the Township, both municipalities shall have the right to review all plans and specifications for the line, to require prior notice of all construction activities and to inspect the construction thereof in both municipalities.

3. This Agreement shall inure to the benefit of and be binding upon the parties herein and their successors and assigns.

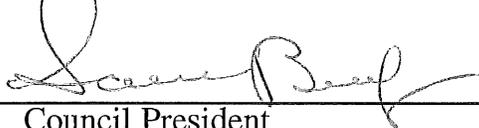
4. All agreements, between the Borough and Township, which are inconsistent with this Agreement are null and void to the extent of such inconsistency.

5. This Agreement shall be amended only in writing duly executed and sealed by the Township and Borough.

6. This Agreement shall become effective when duly approved by the Council of the Borough and the Board of Supervisors of the Township and when executed on behalf of each such municipality, with the dates of execution hereof being shown under each official's signature hereto. This Agreement shall be effective on the date of its execution by whichever municipality is the later to sign.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have executed this Agreement on the dates indicated.

BOROUGH OF MALVERN

By: 
Council President

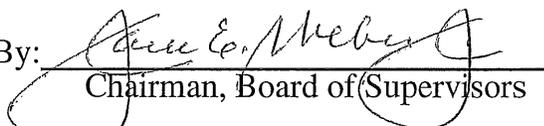
Date: 8-20-96

ATTEST:


Secretary

(BOROUGH SEAL)

TOWNSHIP OF WILLISTOWN

By: 
Chairman, Board of Supervisors

Date: 8-12-96

ATTEST:


Secretary

(TOWNSHIP SEAL)